



# LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

**CAPITOL CITY FAMILY HEALTH CENTER, INC.**  
**FINANCIAL STATEMENTS**  
**AND ACCOMPANYING INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 17 2014

CAPITOL CITY FAMILY HEALTH CENTER, INC.

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# LUTHER SPEIGHT & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Capitol City Family Health Center, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Capitol City Family Health Center, Inc. (a nonprofit organization), which comprise the statement of net position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued,

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capitol City Family Health Center, Inc., as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

This report is intended solely for the use of the audit committee, management of the Organization and others in a position of governance and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Luther Speight & Company CPAs  
New Orleans, Louisiana  
June 25, 2014

## CAPITOL CITY FAMILY HEALTH CENTER, INC

## Statement of Net Position

For the Year Ended December 31, 2013

ASSETS

## Current Assets

Cash and Cash Equivalents	\$ 66,314
Accounts Receivable -Trade, net	156,138
Grants and Contracts Receivable	219,971
Prepaid expenses	31,737
Total Current Assets	<u>474,160</u>

## Fixed Assets

Land	498,345
Building	7,743,969
Construction in Progress	-
Furniture and equipment	1,923,248
Less Accumulated Depreciation	<u>(2,063,309)</u>
Net Fixed Assets	<u>8,102,253</u>

## TOTAL ASSETS

8,576,413LIABILITIES & NET POSITION

## Current Liabilities

Accounts Payable	290,775
Payroll taxes payable and accrued	20,079
Accrued Annual Leave	62,369
Deferred Revenue	106,864
Line of credit payable	269,649
Notes Payable Current (See Note)	<u>53,747</u>
Total Current Liabilities	<u>803,483</u>

## Long-Term Liabilities

Notes Payables (See Note)	<u>2,396,455</u>
Total Long-Term Liabilities	<u>2,396,455</u>

## TOTAL LIABILITIES

3,199,938

## Net Position

Permanently Restricted	<u>5,376,475</u>
Total Net Position	<u>5,376,475</u>

## TOTAL LIABILITIES AND NET POSITION

\$ 8,576,413

The accompanying notes are an integral part of these financial statements

**CAPITOL CITY FAMILY HEALTH CENTER, INC**

**Statement of Activities**

**For the Year Ended December 31, 2013**

**SUPPORT AND REVENUES**

**Support:**

Grants and contracts	3,560,322
Total Support	<u>3,560,322</u>

**Revenue:**

Health care services, net of charity, bad debts and contractual adjustments	2,408,559
Other Income	<u>818,184</u>
Total Revenue	<u>3,226,743</u>

<b>TOTAL SUPPORT AND REVENUE</b>	<b>6,787,065</b>
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**EXPENSES**

**Program Services**

Health care services	5,068,406
Community services	<u>510,982</u>
Total Program Services	<u>5,579,388</u>

**Supporting Services**

Management and general	<u>1,682,122</u>
Total Supporting Services	<u>1,682,122</u>

<b>TOTAL EXPENSES</b>	<b>7,261,510</b>
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<b>Change in Net Position</b>	<b>(474,445)</b>
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<b>NET POSITION, BEGINNING OF YEAR</b>	<b>5,850,920</b>
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<b>NET POSITION, END OF YEAR</b>	<b>5,376,475</b>
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The accompanying notes are an integral part of these financial statements

## CAPITOL CITY FAMILY HEALTH CENTER, INC

## Statement of Cash Flows

For the Year Ended December 31, 2013

Cash Flows from Operating Activities	
Change in Net Position	\$ (474,445)
Depreciation Expense	259,599
Accounts Receivable, net	50,532
Grants Receivable	63,810
Prepaid Expenses	(8,398)
Accounts Payable	3,913
Salaries Payable	(149,076)
Payroll taxes payable and accrued	20,079
Deferred Revenue	104,038
Accrued Annual Leave	7,881
Net Cash Provided by Operating Activities	<u>(122,067)</u>
Cash Flows from Investing Activities	
Acquisition of Fixed Assets	<u>(704,734)</u>
Net Cash Provided by Investing Activities	<u>(704,734)</u>
Cash Flows from Financing Activities	
Principal change in Short and Long-Term Notes Payable	303,814
Proceeds from Line of Credit	72
Net Cash Provided by Financing Activities	<u>303,886</u>
Net Increase (Decrease) in Cash	(522,915)
Cash, Beginning of Year	<u>589,229</u>
Cash, End of Year	<u>\$ 66,314</u>

The accompanying notes are an integral part of these financial statements

CAPITOL CITY FAMILY HEALTH CENTER, INC  
Schedule of Functional Expenses  
For the Year Ended December 31, 2013

Expenses	Health Care Services	Community Services	Total Program Services	Management and General	Total Expenses
Personnel	\$ 2,749,860	\$ 359,231	\$3,109,091	\$ 962,229	\$ 4,071,320
Fringe Benefits	428,783	65,652	494,435	198,771	693,206
Rent	5,969	14,098	20,067	3,945	24,012
Communication	32,140	6,314	38,454	26,730	65,184
Utilities	61,129	2,230	63,359	14,551	77,910
Security	42,996	321	42,996	8,053	51,049
Taxes - Property	23,562	-	-	5,316	5,316
Insurance	33,617	2,588	36,205	12,798	49,003
Laboratory	260,161	1,994	262,155	101	262,256
Interest Expense	95,050	8,806	103,856	35,774	139,630
Advertising	15,969	1,477	17,446	5,862	23,308
Bad Debt	-	-	-	77,647	77,647
Bank charges	6,073	528	6,601	6,369	12,970
Board meetings	87	-	87	589	676
Continuing Education	-	-	-	6,030	6,030
Dues & subscriptions	8,745	717	9,462	7,017	16,479
Donation	-	-	-	1,875	1,875
License, Tax and Fees	13,578	1,182	14,760	6,314	21,074
Other	14,369	1,259	15,628	(538)	15,090
Printing	2,470	705	3,175	33	3,208
Accounting & Legal	19,688	1,030	20,718	8,198	28,916
Patient education	908	-	908	-	908
Contractual	148,439	2,208	150,647	99,534	250,181
Meals and Entertainment	436	16	452	1,038	1,490
Rent-equipment	31,058	4,229	35,287	20,607	55,894
Repairs	132,817	13,714	146,531	66,177	212,708
Staff recruitment	3,570	-	3,570	2,483	6,053
Supplies	580,516	6,695	587,211	22,791	610,002
Travel	10,311	-	10,311	11,613	21,924
Waste service	20,295	412	20,707	2,342	23,049
340B Program	145,702	-	145,702	2,973	148,675
Total Expenses before depreciation	4,888,298	495,406	5,383,704	1,617,222	7,000,926
Depreciation	180,108	15,576	195,684	64,900	260,584
Total Expenses	\$ 5,068,406	\$ 510,982	\$5,579,388	\$ 1,682,122	\$ 7,261,510

The accompanying notes are an integral part of these financial statements



CAPITOL CITY FAMILY HEALTH CENTER, INC.  
Notes to Financial Statements  
December 31, 2013

NOTE 1 - ABOUT THE ORGANIZATION

Capitol City Family Health Center, Inc. (CCFHC), a non-profit corporation, was incorporated in the State of Louisiana as of December 8, 1997. The primary purpose of the Corporation is to deliver primary health services to individuals and families.

The fiscal year of CCFHC is January 1 to December 31.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting – The financial statements of Capitol City Family Health Center, Inc., are presented on the accrual basis of accounting.
- B. Basis of Presentation – The organization is required to report information regarding its financial position and activities according to three classes of net position: unrestricted net position, temporarily restricted net position, and permanently restricted net position. There are no temporarily restricted or permanently restricted net position.
- C. Cash and Cash Equivalents – For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. Donated Property and Equipment – Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net position assets to unrestricted net position assets at that time. There is no donated property or equipment.

CAPITOL CITY FAMILY HEALTH CENTER, INC.  
Notes to Financial Statements  
December 31, 2013

Continued,

- E. Donated Services – Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification 958 (formerly SFAS No. 116), Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skill, and would otherwise be purchased by the Center. The Organization has not recognized donated services as there is no means to objectively value such as services
- F. Expense Allocation – The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- G. Fund Accounting – The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.
- H. Property and Equipment – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions in excess of \$500 are capitalized. Property, furniture, equipment and buildings are depreciated over their useful lives ranging from 5 to 40 years.

The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition, as well as any disposition proceeds is subject to federal regulations. The use of assets purchased with federal funds is limited to the purpose intended by the funding source.

CAPITOL CITY FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

December 31, 2013

Continued,

- I. Restricted and Unrestricted Revenue and Support – Support that is restricted by the donor is reported as an increase in unrestricted net position if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net position, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net position are reclassified to unrestricted net position and reported in the Statement of Activities as Assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.
- J. Employees' Annual Leave – CCFHC charges annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned.
- K. Estimates – The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- L. Patient Service Fees – Revenue for services rendered to patients are recorded at standard rates established by the Organization. The difference between standard rates and the amounts collected from third-party payors and patients, qualifying as Poverty Patients is charged as an adjustment to gross revenues.
- M. Reclassifications – Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NOTE 3 – FINANCIAL INSTRUMENTS

The following methods were used by the Center in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**CAPITOL CITY FAMILY HEALTH CENTER, INC.**

**Notes to Financial Statements**

**December 31, 2013**

Continued,

**NOTE 4 – CONCENTRATIONS OF CREDIT RISK FROM DEPOSITS IN EXCESS  
OF INSURED LIMITS**

The Organization maintains its cash balances in two (2) financial institutions located in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2013 the Organization did not have any uninsured balances.

**NOTE 5 – PATIENT RECEIVABLES**

The amount of net patient care receivables at December 31, 2013 was \$206,670. Management's opinion is the collectability of the accounts receivable from patients will be in the amount as shown in the statement of financial position. Accordingly, no provisions for uncollectable balances are recorded.

**NOTE 6 – FIXED ASSETS**

The following is a summary schedule of fixed assets and related accumulated depreciation carried in the general property fund.

Land	\$ 498,345
Building	7,743,969
Construction in Progress	0
Furniture and equipment	1,923,248
Less Accumulated Depreciation	<u>(2,063,309)</u>
Total Fixed Assets	<u>\$ 8,102,253</u>

**NOTE 7 – CORPORATE INCOME TAXES**

The Organization is exempt from corporate Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from Louisiana income taxes. Therefore, no provision has been made for Federal or State corporate income taxes in the accompanying financial statements.

**CAPITOL CITY FAMILY HEALTH CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2013**

Continued,

**NOTE 8 – RETIREMENT PLAN**

The Center has a Section 403(b) plan for all eligible employees. To be eligible, an employee must be employed with the Organization for at least one year and must be at least eighteen years of age. For the year ended December 31, 2013, the plan was properly funded. Personnel retirement expense recognized was \$29,941 for the year ended December 31, 2013, along with \$2,499 403(b) service fees.

**NOTE 9 – ANNUAL LEAVE**

The cost of employee's unused annual leave at December 31, 2013 in the amount of \$53,288 is included in the financial statements. See Note 2.J.

**NOTE 10 – NOTES PAYABLE**

Mortgage notes payable consist of a note payable to Hancock Bank of Louisiana; interest stated at 5.2% fixed. Monthly installments are payable totaling \$9,621 which includes principal and interest. The note matures December 27, 2016; secured by real estate.

Amortization of the notes payable are as follows:

2014	53,747
2015	56,651
2016	<u>1,084,470</u>
Totals	<u>1,294,057</u>

In addition to the permanent mortgage above, the Organization has outstanding lines of credit facilities in connection with the construction financing. The Organization anticipates these lines of credit converting in the future to permanent financing with related amortizations of principal. As of December 31, 2013 the Organization paid interest only monthly payments. The details are as follows:

Total Financing Available	Outstanding Balance	Interest Rate	Maturity Date	Financing Purpose
\$ 1,400,000	\$ 1,198,906	5.20%	12/27/2016	Mortgage Loan
410,000	405,035	4.25%	12/31/2014	Permanent Line of Credit
869,202	<u>846,261</u>	3.75%	10/11/2018	Permanent Line of Credit
	<u>\$ 2,450,202</u>			

CAPITOL CITY FAMILY HEALTH CENTER, INC.  
Notes to Financial Statements  
December 31, 2013

Continued.

**NOTE 11 – LINES OF CREDIT**

Capitol City Family Health Center, Inc. has in place a line of credit agreement for the purpose of working capital with Hancock Bank recorded at \$269,649. The line of credit has variable interest rates based on an independent index as published by the Wall Street Journal as its prime interest rate, with a minimum rate of 4%.

**NOTE 12 – LITIGATION**

Capitol City Family Health Center, Inc. maintains general liability, property, managed care professional liability, directors and officers and other insurance coverage in amounts management considers to be adequate. The company requires contracting health care providers to maintain malpractice insurance coverage in amounts customary in the industry.

In the ordinary course of its business, Capitol City Family Health Center, Inc. is a party to claims and legal actions by enrollees, providers and others. After consulting with legal counsel, the Company is of the opinion that any liability that may ultimately be incurred as a result of these claims, legal actions, audits or investigations will not have a material adverse effect on the financial position or results of operations of Capitol City Family Health Center, Inc. As of December 31, 2013 management was not aware of any pending litigations, claims or assessments.

**NOTE 13 – ADVERTISING**

Capitol City Family Health Center, Inc. uses advertising to promote its program the communities it serves. The production costs of advertising are expensed as incurred. During the year ended December 31, 2013 advertising cost totaled \$23,307.

**NOTE 14 – CONCENTRATION OF CONTRIBUTIONS OR GRANTS**

Approximately 28% of the Organization's funding is provided by direct grants from the U. S. Department of Health and Human Services

**NOTE 15 – GRANT BALANCES AND GRANT CONDITIONS**

The Organization has responsibility for expending grant funds in accordance with specified instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the Organization.

CAPITOL CITY FAMILY HEALTH CENTER, INC.  
Notes to Financial Statements  
December 31, 2013

Continued,

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources.

Notwithstanding the audits by independent certified public accountants, all costs include in this report remain subject to audit by the agencies providing financial support within the limits of the Single Audit Act of 1996, as amended. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

**NOTE 16 – DEFERRED REVENUES**

The Center records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue. Deferred revenues were recorded at \$106,684 as of December 31, 2013.

**NOTE 17 – NEW ACCOUNTING PRONOUNCEMENTS**

In July 2011, the FASB issued ASU 2001-01, Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities. This ASU will change the Organization's presentation of the provision for uncollectable accounts in the consolidated statements of operations from an operating expense to a deduction from net patient service revenue. It also expands disclosures regarding policies for recognizing revenue, assessing contra revenue line items, and activity in the allowance for uncollectible accounts. The Organization adopted this ASU in calendar year 2012.

CAPITOL CITY FAMILY HEALTH CENTER, INC.  
Notes to Financial Statements  
December 31, 2013

Continued,

NOTE 18—SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 30, 2014, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.



## CAPITOL CITY FAMILY HEALTH CENTER, INC.

## Schedule of Health Care Services Expenses

For the Year Ended December 31, 2013

<u>Expenses</u>	<u>HHS Section 330</u>	<u>Ryan White</u>	<u>Total Health Care Services</u>
Personnel	\$ 2,304,454	\$ 445,406	\$ 2,749,860
Fringe Benefits	367,432	61,351	428,783
Rent	5,604	365	5,969
Communication	29,745	2,395	32,140
Utilities	56,526	4,603	61,129
Security	39,185	3,811	42,996
Taxes - Property	22,048	1,514	23,562
Insurance	31,808	1,809	33,617
Laboratory	131,785	128,376	260,161
Interest Expense	86,952	8,098	95,050
Advertising	14,471	1,498	15,969
Bank charges	5,809	264	6,073
Board meetings	87	-	87
Dues & subscriptions	8,387	358	8,745
License, Tax and Fees	13,578	-	13,578
Other	14,369	-	14,369
Printing	2,101	369	2,470
Accounting & Legal	19,688	-	19,688
Patient education	908	-	908
Contractual	135,144	13,295	148,439
Meals and Entertainment	436	-	436
Rent-equipment	31,058	-	31,058
Repairs	131,225	1,592	132,817
Staff recruitment	3,570	-	3,570
Supplies	143,968	436,548	580,516
Travel	10,311	-	10,311
Waste service	20,295	-	20,295
340B Program	-	145,702	145,702
Total Expenses before depreciation	3,630,944	1,257,354	4,888,298
Depreciation	172,320	7,788	180,108
Total Expenses	<u>\$ 3,803,264</u>	<u>\$ 1,265,142</u>	<u>\$ 5,068,406</u>

See accompanying notes to the financial statements

CAPITOL CITY FAMILY HEALTH CENTER, INC.  
Schedule of Community Services Expenses  
For the Year Ended December 31, 2013

<u>Expenses</u>	<u>Total Community Services</u>
Personnel	\$ 359,231
Fringe Benefits	65,652
Rent	14,098
Communication	6,314
Utilities	2,230
Security	321
Insurance	2,588
Laboratory	1,994
Interest Expense	8,806
Advertising	1,477
Bank charges	528
Dues & subscriptions	717
License, Tax and Fees	1,182
Other	1,259
Printing	705
Accounting & Legal	1,030
Contractual	2,208
Meals and Entertainment	16
Rent-equipment	4,229
Repairs	13,714
Supplies	6,695
Waste service	412
	<hr/>
Total Expenses before depreciation	495,406
	<hr/>
Depreciation	15,576
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Total Expenses	\$ 510,982
	<hr/>

See accompanying notes to the financial statements

CAPITOL CITY FAMILY HEALTH CENTER, INC.  
Schedule of Management and General Expenses  
For the Year Ended December 31, 2013

<u>Expenses</u>	<u>Total Management and General</u>
Personnel	\$ 962,229
Fringe Benefits	198,771
Rent	3,945
Communication	26,730
Utilities	14,551
Security	8,053
Taxes - Property	5,316
Insurance	12,798
Laboratory	101
Interest Expense	35,774
Advertising	5,862
Bad Debt	77,647
Bank charges	6,369
Board meetings	589
Continuing Education	6,030
Dues & subscriptions	7,017
Donation	1,875
License, Tax and Fees	6,314
Other	(538)
Printing	33
Accounting & Legal	8,198
Contractual	99,534
Meals and Entertainment	1,038
Rent-equipment	20,607
Repairs	66,177
Staff recruitment	2,483
Supplies	22,791
Travel	11,613
Waste service	2,342
340B Program	2,973
Total Expenses before depreciation	1,617,222
Depreciation	64,900
Total Expenses	<u>\$ 1,682,122</u>

See accompanying notes to the financial statements

CAPITOL CITY FAMILY HEALTH CENTER, INC  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2013

Federal Grant/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal Expenditure
U.S. Department of Health and Human Services			
Direct Grants:			
Health Center Cluster	93.224	2H80CS00504-11-00	\$ 1,060,195
			<u>1,060,195</u>
Ryan White Title III Early Intervention	93.918	5H76HA00817-11-00	51,888
Ryan White Title III Early Intervention	93.918	6H76HA00817-11-01	422,299
			<u>474,187</u>
<u>Pass Through Louisiana Department of Health and Hospitals</u>			
<u>Pass Through City of Baton Rouge, LA</u>			
Ryan White Part A HIV Emergency Relief	93.914	NA	930,456
Total U.S. Department of Health and Human Services:			<u>2,464,838</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,464,838</u>

See accompanying notes to schedule of expenditures of federal awards

**CAPITOL CITY FAMILY HEALTH CENTER, INC.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**December 31, 2013**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the schedule) has been generally prepared on the accrual basis of accounting. The purpose of the schedule is to present a summary of those activities represented by the Capitol City Family Health Center, Inc., for the year ended December 31, 2013, which have been financed by the U.S. Government (federal awards). For the purpose of the schedule, federal awards include all federal assistance and pronouncement relationships entered into directly between Capitol City Family Health Center, Inc., it is not intended to and does not present either the financial position or the changes in net position of Capitol City Family Health Center, Inc.



## LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Capitol City Family Health Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capitol City Family Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Capitol City Family Health Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Continued,

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the use of the audit committee, management of the Plan and others in a position of governance and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Luther Speight & Co. CPAs".

Luther Speight & Company CPAs

New Orleans, Louisiana

June 25, 2014



## LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of  
Capitol City Family Health Center, Inc.

#### **Report on Compliance for Each Major Federal Program**

We have audited Capitol City Family Health Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2013. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Capitol City Family Health Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.



Continued,

***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

**Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of ABC Organization's internal control over compliance.

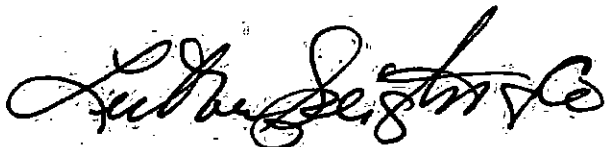
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Continued.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the use of the audit committee, management of the Plan and others in a position of governance and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Luther Speight", is written over a faint, larger version of the same signature.

Luther Speight & Company CPAs

New Orleans, Louisiana

June 25, 2014

CAPITOL CITY FAMILY HEALTH CENTER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2013

There were no findings identified as a result of our examination.

CAPITOL CITY FAMILY HEALTH CENTER, INC.  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2013

There were no prior year findings or questioned costs.

CAPITOL CITY FAMILY HEALTH CENTER, INC.

DECEMBER 31, 2013

Section I – Summary of Auditor's Results

Financial Statements:

An unqualified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(s) identified.

not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(s) identified.

not considered to be material weaknesses? ☐ yes ☒ no

Any audit findings disclosed that are required to be

Reported in accordance with Circular

A-133, Section 510(a)? ☐ yes ☒ no